

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (10/04):
BUTTER: Grade AA closed at \$1.0025. The weekly average for Grade AA is \$0.9883 (+.0066).

CHEESE: Barrels closed at \$1.1550 and blocks at \$1.3000. The weekly average for barrels is \$1.1540 (+.0270) and blocks, \$1.3000 (+.0110).

NONFAT DRY MILK: Extra Grade closed at \$0.9150 and Grade A at \$0.9300. The weekly average for Extra Grade is \$0.9070 (+.0020) and Grade A, \$0.9220 (+.0020).

BUTTER: The cash butter price remains unsettled as the price continues to adjust. The current cash price of \$1.0025 is the first time above \$1.00 since early August. Churning activity across the country ranges from light to moderate. Cream supplies vary from coast to coast. Not as available in Eastern and Midwestern areas, while often heavier than anticipated in the West. The relatively low price for butterfat is keeping users in Class II and III channels interested to making additional purchases. In instances, fresh butter volumes are short of full needs, although inventoried stocks are more than fully available. Demand for butter is improving slowly and often dependent on retail feature activity. More buyers are preparing for the year end holidays.

CHEESE: The cheese market is mixed. While prices have moved higher, demand has not improved significantly. Many buyers are wary of buying more than for short term needs. The wide barrel/block spread continues to impact cheese production with barrel output minimized. Current cheese offerings range from tight to at least adequate with best interest on specialties. Aged cheddar demand remains quiet. Cheese production is seasonal, reflecting milk availability. Combined block and barrel sales on the Chicago Mercantile cash cheese market in September (200 loads) were the highest single month total since September 2000 (323).

FLUID MILK: Milk production patterns across the U.S. are much the same as the past few weeks. In New England and along the Eastern seashore, milk output is steady to slightly lower. In Florida, production is not rebounding as quickly as projected, thus imports continue to occur. In the Central part of the country, milk production is often not able to keep up with demand and some manufacturing demand is going unsatisfied. Western output is generally steady with past weeks. Some handlers feel that output in Arizona might be at seasonal low levels with production in New Mexico improving slightly which continues to outpace last year at this time. Cooler temperatures have returned to the Pacific Northwest. Tropical storms continue to impact dairy operations along the Gulf Coast. Isidore last week and a stronger storm, Lili, late this week, continue to cause some dairy processing plants in the projected path to shut down and divert their milk to other operations.

DRY PRODUCTS: Nonfat dry milk markets across the country are steady to firm with prices unchanged to fractionally higher. Production is light

in Midwestern and Eastern areas, while output in the West is in better balance with demand. Offerings to CCC from Western producers have slowed and previously offered powder is being cancelled to fill in or current sales. Buttermilk powder markets are unsettled with higher prices and a firm market tone being reported in the Central part of the country. Production is light as milk is diverted away from the butter/powder mix and into cheese vats. Whey powder producers and handlers are reporting a firm market tone and higher prices across the country. Demand is lighter this week as more buyers resist the higher prices. Stocks of powder are not readily available, and those producers that have some inventories are holding them with confidence. The dairy industry is watching the strike at shipping ports on the West Coast and what impact this may have if the strike is long term.

CCC: During the final day of the USDA fiscal year September 30, CCC purchased 1,190,484 pounds of NDM from the West. During the year, October 1, 2001 – September 30, 2002, CCC purchased no butter, 7,354,688 pounds of cheese, and 653,158,739 pounds of NDM. These annual purchases compare to no butter, 11,074,959 pounds of cheese, and 398,902,678 pounds of NDM during the 2000 – 2001 fiscal year. Uncommitted inventories of NDM as of September 27, total 1,184,211,000 pounds compared to 638,808,000 pounds this time last year.

CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the September 2002 prices under the Federal Milk Order pricing system: Class II \$10.91(-\$0.16), Class III \$9.92 (+\$0.38); and Class IV \$10.22 (-\$0.19). Product price averages used in computing Class prices are: butter \$0.9431, NDM \$0.9096, cheese \$1.1438, and dry whey \$0.1755. The Class II butterfat price is \$1.0169 and the Class III/IV butterfat price is \$1.0099. Further information may be found at:

<http://www.ams.usda.gov/dyfmoms/mib/classprcncmt.pdf>

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2002 advanced 1 point to 125. Compared with September 2001, the index was up 1 point (0.8%). The index of prices received by farmers for dairy products advanced 1 point during the month of September 2002 to 88. Compared with September 2001, the index was down 43 points (32.8%). Prices received by farmers in September with changes from August were: for All Milk, \$11.50, up \$.20; Fluid Grade Milk, \$11.60, up \$.20; and for Manufacturing Grade Milk, \$10.00, up \$.20.

ERRATA FOR REPORT #38 (DAIRY PROGRAMS): The *August Price and Pool Summary* contained an incorrect figure. The percent change from the previous year in receipts of producer milk for the Mideast milk order marketing area should have read -11.7.

******SPECIAL THIS ISSUE******

SEPTEMBER MONTHLY AVERAGES AND SUMMARY (PAGES 7-9)

SEPTEMBER DEIP ACTIVITY (PAGE 10)

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS (PAGE 11)

AUGUST CONSUMER PRICE INDEX (PAGE 12)

COMMERCIAL DISAPPEARANCE (PAGE 12)

GRAPHS (PAGE 13)

**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY SEPTEMBER 30	TUESDAY OCTOBER 1	WEDNESDAY OCTOBER 2	THURSDAY OCTOBER 3	FRIDAY OCTOBER 4	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1575 (+.0250)	\$1.1525 (-.0050)	\$1.1500 (-.0025)	\$1.1550 (+.0050)	\$1.1550 (N.C.)	+.0225	\$1.1540 (+.0270)
40# BLOCKS	\$1.3000 (+.0050)	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.3000 (N.C.)	+.0050	\$1.3000 (+.0110)
NONFAT DRY MILK							
EXTRA GRADE	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9050 (N.C.)	\$.9150 (+.0100)	+.0100	\$.9070 (+.0020)
GRADE A	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9200 (N.C.)	\$.9300 (+.0100)	+.0100	\$.9220 (+.0020)
BUTTER							
GRADE AA	\$.9800 (-.0025)	-----	\$.9825 (+.0025)	-----	\$1.0025 (+.0200)	+.0200	\$.9883 (+.0066)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, SEPTEMBER 30, 2002

CHEESE -- SALES: 5 CARS BARRELS: 1 @ \$1.1400, 1 @ \$1.1475, 1 @ \$1.1500, 1 @ \$1.1600, 1 @ \$1.1575; 7 CARS 40# BLOCKS: 2 @ \$1.2950, 1 @ \$1.3000, 1 @ \$1.2900, 1 @ \$1.2950, 1 @ \$1.2975, 1 @ \$1.3000; BIDS UNFILLED: 1 CAR BARRELS @ \$1.1525; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1625, 1 @ \$1.1650; 4 CARS 40# BLOCKS @ \$1.3000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 3 CARS @ \$0.9800; BIDS UNFILLED: 4 CARS: 1 @ \$0.9750, 1 @ \$0.9725, 2 @ \$0.9700; OFFERS UNCOVERED: 3 CARS: 1 @ \$1.0000, 1 @ \$1.0100, 1 @ \$1.0500

TUESDAY, OCTOBER 1, 2002

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.1600, 1 @ \$1.1700; 4 CARS 40# BLOCKS: 1 @ \$1.2900, 1 @ \$1.2925, 1 @ \$1.2875, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 10 CARS BARRELS: 1 @ \$1.1525, 1 @ \$1.1600, 1 @ \$1.1625, 1 @ \$1.1650, 1 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.1750, 1 @ \$1.1775, 1 @ \$1.1800, 1 @ \$1.1900; 2 CARS 40# BLOCKS @ \$1.3100

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, OCTOBER 2, 2002

CHEESE -- SALES: 8 CARS BARRELS: 1 @ \$1.1600, 1 @ \$1.1575, 1 @ \$1.1650, 1 @ \$1.1500, 1 @ \$1.1575, 1 @ \$1.1550, 1 @ \$1.1525, 1 @ \$1.1550; 18 CARS 40# BLOCKS: 1 @ \$1.2900, 2 @ \$1.2950, 1 @ \$1.2975, 1 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.3000, 1 @ \$1.2975, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS BARRELS: 1 @ \$1.1500, 1 @ \$1.1575, 1 @ \$1.1600, 1 @ \$1.1625, 1 @ \$1.1650, 1 @ \$1.1700, 1 @ \$1.1750; 1 CAR 40# BLOCKS @ \$1.3100

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 12 CARS: 3 @ \$0.9750, 6 @ \$0.9800, 1 @ \$0.9825, 1 @ \$0.9850, 1 @ \$0.9825; BIDS UNFILLED: 16 CARS: 2 @ \$0.9825, 4 @ \$0.9800, 1 @ \$0.9775, 3 @ \$0.9750, 1 @ \$0.9725, 3 @ \$0.9700, 2 @ \$0.9650; OFFERS UNCOVERED: 1 CAR AA @ \$1.0000

THURSDAY, OCTOBER 3, 2002

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.1575, 1 @ \$1.1550; 4 CARS 40# BLOCKS: 3 @ \$1.2900, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS BARRELS: 1 @ \$1.1700, 1 @ \$1.1750

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, OCTOBER 4, 2002

CHEESE -- SALES: 1 CAR BARRELS @ \$1.1550; 2 CARS 40# BLOCKS: 1 @ \$1.2950, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.3000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: 1 CAR EXTRA GRADE @ \$0.9150; 1 CAR GRADE A @ \$0.9300; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 28 CARS: 1 @ \$0.9875, 1 @ \$0.9900, 2 @ \$0.9925, 5 @ \$0.9900, 1 @ \$0.9925, 5 @ \$0.9950, 1 @ \$1.0000, 5 @ \$0.9975, 5 @ \$1.0000, 1 @ \$1.0100, 1 @ \$1.0025; BIDS UNFILLED: 53 CARS: 4 @ \$1.0025, 10 @ \$1.0000, 7 @ \$0.9975, 5 @ \$0.9950, 5 @ \$0.9925, 4 @ \$0.9875, 9 @ \$0.9850, 2 @ \$0.9825, 4 @ \$0.9800, 3 @ \$0.9750; OFFERS UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The market tone remains unsettled. The CME cash butter price is holding just under a \$1.00 and has stayed in the \$.9800-.9900 range for the past seven trading session, ending September 30. In the Northeast, churning activity remains light to moderate. Cream supplies are light and not increasing as rapidly as some suppliers had expected. Also, the relatively low price for cream (fat) is keeping users in Class II & III channels interested to making additional purchases. Fresh butter is occasionally in short supply, but packaged butter orders are easily being filled via microfixing. Demand for butter is improving slowly and often dependant on retail feature activity. Food service orders are about steady. Sales of bulk butter, f.o.b. East, are reported in a range of flat market to 4 cents over the CME price/average.

CENTRAL

The CME cash butter price remains unsettled as the price continues to adjust fractionally, although maintaining a level under \$1.00. Churning activity remains light to moderate for this time of the year. Often, current churning activity is not able to keep up with demand thus inventoried stocks are being used to fill needs. In most instances, butter inventories are running nearly double what they were last year at this time, although most stock levels are declining from week on week. Overall butter demand is fair. Buyers are taking a serious look or are finalizing their needs for the end of the calendar quarter

of 2002. Many retail outlets have scheduled feature activity during the upcoming holiday period, but also indicate that sales will probably remain fairly strong on their own, especially for those retailers that have adjusted their prices in light of the current cash price. Bulk butter for spot sales is selling in a range of flat – 2 cents per pound over various pricing basis.

WEST

More contacts are beginning to talk about getting ready for fall holiday needs. They are concerned that the economy could limit sales volumes. Ongoing feature activity is spotty and without it many national brand prices remain relatively high. Store brands are moving out more butter. Contacts don't seem to be too worried about butter stocks going into the fall. Fresh butter, at times, is short, but there is plenty of frozen butter available. Offerings of cream to the churns are often heavier than anticipated. CME weekly butter stocks declined by 4.1 million pounds this week and stand at 124.4 million pounds. Stocks have declined 23.3 million pounds over the last ten weeks compared to 28.1 million pounds last year for the same period. Current prices for bulk butter range from 4 cents under to 2 cents under market based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	40# BLOCKS	CHEESE	NDM	BUTTER	DRY WHEY
		BARRELS 38% MOISTURE			
SEP 28	1.1617 8,748,148	1.1087 10,193,731	0.9117 20,611,771	0.9534 7,407,077	0.1915 11,494,279

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are sharply higher for natural items, unchanged for process and Swiss. The market tone is firm, but cautious. Buyers and distributors are cautious in their approach to buying cheese. They are unsure how long prices will hold at these levels and do not want to have too much on hand at this time. However, with prices increasing, buyers typically purchase ahead of future changes. Cheese output in the Northeast is about steady at light to moderate levels. Surplus milk supplies in the Northeast are still reported as tight. Demand for cheese is fair to improved at the wholesale level, slow to fair at retail. Food service orders are steady.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3525-1.8475
Cheddar Single Daisies	:	1.3100-1.7700
Cheddar 40# Block	:	1.4275-1.6600
Process 5# Loaf	:	1.3350-1.5200
Process 5# Sliced	:	1.3550-1.6300
Muenster	:	1.5150-1.7200
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steady to cautiously firm. The wide spread, about 15 cents, between blocks and barrels on the Chicago Mercantile Exchange cash cheese market is part of the rationale used by some buyers in expecting price weakness. Overall demand still seems sluggish for fall. A few bulk cheese buyers are again making spot purchases and rebuilding supplies after the end of the quarter/fiscal year. Current cheese supplies are tight to in balance on most varieties in the region. Supplemental offerings of cheddar are still available from the West. Swiss supplies are tight with movement steady to occasionally improved. Process movement is moderate, generally best for private label at retail. Food service process orders are about steady at recent levels. Aged cheddar interest remains quiet. Cream cheese production is gearing up seasonally. Lower cream/butter prices have aided in cream cheese sales and profitability. Mozzarella movement is irregular, from barely fair to good. Current cheese production is steady to occasionally lower, reflecting milk availability.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.3150-1.5500
Brick And/Or Muenster 5#	:	1.6100-1.8500
Cheddar 40# Block	:	1.5300-2.1150
Monterey Jack 10#	:	1.7900-2.1150
Blue 5#	:	2.0425-2.2900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5700-2.2150
Grade A Swiss Cuts 6 - 9#	:	1.8000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : SEPTEMBER 30 - OCTOBER 4, 2002

BARRELS*	:	\$1.1375 - 1.1800 (NOMINAL)
	:	(\$.0075) (.0400)
40# BLOCKS	:	\$1.2900 - 1.3350 (NOMINAL)
	:	(\$.0300) (.0400)

() Change from previous week. * If steel, barrel returned.

WEST

Swiss and process cheese prices held steady while the natural prices were up about a nickel. Contacts remain concerned about the historically wide spread between barrel and block prices. Plant operators are striving to reduce barrel cheese production by limiting milk supplies going into those plants. This action has not had much impact on the overall market yet. Demand for cheese remains very spotty and for fill in needs for the most part. Contracted orders are moving out in a timely fashion. Not many buyers are looking at this as an opportunity to stock up with cheese to cover future needs. Many believe that prices may again weaken. Even if prices don't weaken, they don't see much upside price risk in the short run. Demand for Swiss cheese is firming seasonally. Mozzarella sales are improving from the summer levels, but still not up to expectations. Offerings of under grade cheese are very heavy and not moving well. Discounts are increasing and sales are slow.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2775-1.5375
Cheddar 40# Block	:	1.4125-1.5525
Cheddar 10# Cuts	:	1.5925-1.8125
Monterey Jack 10#	:	1.6025-1.7625
Grade A Swiss Cuts 6 - 9#	:	2.2600-2.4100

FOREIGN

Prices are unchanged to higher and the market tone is seasonal. Domestic prices are rising at a faster rate (16-plus cents in the past two weeks) than some contacts had anticipated, but sales are about steady. There has been much conversation surrounding a national dairy organization's demand on USDA to implement a provision under the 1994 Uruguay Round GATT agreement and increase tariffs on certain foreign cheeses as a safeguard to the domestic market. Arguments are ongoing as import volumes for some cheeses have, through July, apparently reached levels that could trigger the aforementioned provisions. Demand for imported and domestically made cheeses at retail is fair.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

		NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
Roquefort	:	TFEWR	-0-
Blue	:	2.6400-3.3900	1.6475-3.1375*
Gorgonzola	:	3.2400-5.9400	2.1650-2.4900*
Parmesan (Italy)	:	TFEWR	3.0575-3.1475*
Romano (Italy)	:	2.1000-3.1900	-0-
Provolone (Italy)	:	3.4400-5.5000	1.6550-1.8825*
Romano (Cows Milk)	:	-0-	2.8450-5.0150*
Sardo Romano (Argentina)	:	2.8500-3.2900	-0-
Reggianito (Argentina)	:	2.6900-3.2900	-0-
Jarlsberg-(Brand)	:	2.7500-3.6900	-0-
Swiss Cuts Switzerland	:	-0-	2.3500-2.5500
Swiss Cuts Finnish	:	2.6000-2.8500	-0-
Swiss Cuts Austrian	:	TFEWR	-0-
Edam	:	:	:
2 Pound	:	TFEWR	-0-
4 Pound	:	2.1900-2.9900	-0-
Gouda, Large	:	TFEWR	-0-
Gouda, Baby (\$/Dozen)	:	:	:
10 Ounce	:	27.8000-31.7000	-0-

* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER : CHEESE	
09/30/02	64,008	134,906
09/01/02	70,248	137,252
CHANGE	-6,240	-2,346
% CHANGE	-9	-2

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	154	0	168	0	59	0
SOUTHEAST STATES	0	0	0	0	127	0

Milk production ranges from about steady to slightly lower in many areas of the region. New England contacts report slightly lower receipts and steady to improved Class I demand. Milk output in the Middle Atlantic area is mostly steady with bottled milk sales unchanged. In the Southeast, the milk flow is not increasing as some had expected. Florida's milk production has not rebounded and milk imports continue. Elsewhere in the Southeast, milk production is about steady. However, last week Isidore came ashore and caused quite a bit of damage. The same part of the country is bracing itself for Lili, a stronger storm that is due to make landfall late this week. Like last week, some dairy processing plants, in the projected path, are shutting down and diverting their milk to other operations. Recent reports of higher feed costs this winter and continued low milk prices are a concern to many in the industry. Throughout most of the Northeast, good quality hay and silage are expected to be in tight supply this winter. Grain prices are increasing as this year's harvest/yields are rather dismal in parts of New York and New England. Bottled milk sales are holding at slow to fair levels. Some reported retail features are helping sales in scattered areas. Surplus milk volumes are still lighter than expected and manufacturing plants continue to operate on reduced schedules. The condensed skim market is little changed. Sales are mostly contractual, but some additional spot loads have been noted. The fluid cream market is mixed, but showing a little more weakness in some areas. Supplies are heavier than they have been and suppliers have extra loads, at midweek, that are still looking for a home. Multiples are steady to lower coupled with the fractional drop in the CME weekly average did cause prices to move a little lower. Ice cream production is steady to slightly lower at most locations. Cream cheese output is off slightly. Cream suppliers report that spot demand from cream cheese producers has slowed this week and a big reason for cream supplies being so long. Churning activity is about steady.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.2566-1.3744
DELIVERED EQUIVALENT ATLANTA	-	1.2958-1.4038 M 1.3057-1.3744
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.2762-1.4333

PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9750-1.0300
NORTHEAST- CLASS III - SPOT PRICES	- .8600-.9250

M I D W E S T

Class I demand is steady to improved, aided by the usually stronger first of the month sales and some retail feature activity. Current prices, on a light test, are from \$2.00 – 2.30 over class with a couple Class I spot sales in the \$3.00 – 3.25 over area. Some milk from the region continues to move to the Southeast to supplement local supplies, but volumes are generally steady at best. Manufacturing milk interest remains good; especially from plant operators aware that the September milk cost compared with current natural cheese prices are profitable. Best interest for spot milk is typically from specialty cheese makers. Overall milk supplies remain tight and some demand is going unsatisfied even at current prices. Most plant operating schedules remain on light late summer/early fall levels. Cheese yields are around normal seasonal levels. Cream interest from ice cream accounts is mixed. A few operations are still trying to build some inventory for the year end

holiday needs while others are still trying to deplete stocks and are working on reduced schedules. Condensed skim sales remain good with prices steady. Current plant milk intakes are mixed, though generally little changed from recent weeks. The pace of the fall harvest and tillage season has picked up where weather and field conditions allow. Pasture growth has improved, at least in non-drought areas, aided by recent showers. Temperatures well above normal (80s – 90s) in the upper tier of states over the weekend and early in the week cooled off to more typical early fall levels.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	SEP 26 - OCT 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.00- 38.00	\$ 36.00- 41.50
REPLACEMENT HEIFER CALVES	\$450.00-550.00	\$450.00-550.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	SEP 26 - OCT 2	PREVIOUS YEAR
SLAUGHTER COWS	\$ 34.00- 41.50	\$ 39.00- 44.00

W E S T

The September 4a price (butter/powder) in CALIFORNIA is \$9.79, down \$0.16 from August and \$5.56 lower than last year. The September 4b price (cheese) is \$9.93, up \$0.24 from August but \$5.62 lower than last year. The dairy industry is watching the work strike at shipping ports on the West coast. The effects on the dairy industry of a long-term strike are being assessed and several were noted by the trade: fresh dairy products shipped to Hawaii; nonfat dry milk and whole milk shipped for food aid programs; and exports of dry dairy products. Other effects are being felt throughout the production, processing, and marketing sectors. There are concerns should there be a long work stoppage. Milk production levels in California are relatively flat at levels steady with recent weeks. Weather conditions have cooled from unseasonably hot weather and the response from the milk herds has been less than expected. There remains ample processing space in the state. With higher cheese prices, cheese producers often want more milk and condensed skim to make more cheese. Fluid milk orders are holding steady. There is concern over a potential strike at a bottling facility in southern California. ARIZONA milk production levels are steady and are thought to be at the seasonal low point. Weather conditions have moderated and less stress is apparent on the milking herds. Processing plants have capacity and milk is moving to cheese operations that want more milk. NEW MEXICO milk output continues to outpace year ago levels and currently is improving slightly higher. Temperatures have been milder and cows are responding somewhat. Processing plants are running at expected volumes and contracted loads are leaving the state for processing. The CREAM market has very few new developments to note. Cream is available in the region and movements to other areas are not aggressive beyond contracted volumes. Cream continues to enter local churns for processing into butter. Production of cream cheese is being increased for upcoming needs. The CME butter price was \$.9825 at midweek. Cream multiples continue to run in the 108 to 128, FOB range. Cooler weather has moved into the PACIFIC NORTHWEST after last week's hot spell. Some light rain was also noted. Milk production remains quite strong even with increasing feed costs and lower quality hay available. Also, corn silage yields are not up to expectations. Some producers are again looking at contracting some of their feed needs as prices soften at harvest time. Snow was common this past week in the dairy areas of NORTHERN UTAH. The moisture was welcome, but it did cause some stress for those farms that have not finished harvesting corn silage. More reports of dairy producers quitting the business are being heard this week. IDAHO is also cooler, but did not pick up any snow. Cow numbers are still increasing in the region. Some end of the season hay harvesting is winding down.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a firm market. Production is very light as milk is diverted into cheese or fluid channels instead of NDM plants. Central region supplies of NDM are not expected to increase until milk volumes seasonally rebound at the end of October or start of November. Spot sales are light due to limited supplies. Cheese and brokerage interest is good while ice cream demand is beginning to wane. Supply shortages in the Central region are in some instances compensated with Western stocks. Condensed skim supplies are in balance to tight. Movement is generally good. Some condensed skim handlers are contemplating purchasing outside condensed skim supplies to satisfy current contracts. This may then offer an additional basis for continued strength in Central NDM markets. High heat supplies are in balance for the mostly contractual interest.

EAST: The market tone remains firm with prices in the East fractionally higher. Production levels remain light to moderate, mostly light. Surplus milk volumes are seasonally tight. Approximately ten loads of Middle Atlantic milk are being shipped daily to Florida to supplement their local milk supply. This is having a definite impact on NDM output at the facility that is shipping most of the milk. Other Northeastern butter/powder plant contacts report light to moderate drying and relatively little uncommitted powder on hand. Some operations are making only enough NDM to cover contracts. Condensed skim demand remains fairly active, particularly into Class III or cheese operations. Demand for NDM is fairly good. However, buyers are still not buying too far ahead since many feel that a tilt change is still a possibility.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9325 - .9800 MOSTLY: .9525 - .9575

HIGH HEAT: .9650 - 1.0250

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk prices are slightly higher on the bottom of the range and within the range, reflecting in a higher mostly series. The trend has been higher in recent weeks and is now showing up in higher prices. Producers are raising prices as supplies become better balanced. Offerings to the CCC have slowed and previously offered powder is being cancelled to fill in for current sales. The current CCC offerings are previously contracted medium heat NDM for government export aid programs. The dock strike in the West coast ports could have an impact on these shipments. Demand for NDM and condensed skim remains good from cheese makers who are looking to increase yields. Producers are currently committed in the short term. During the week of September 23 - 27, adjusted support program purchases totaled 3,233,362 pounds of NDM, all from the West. Western high heat NDM prices are slightly higher. Demand is fair to good and improving seasonally, but not at excessive levels. Drying activity is active as producers have room and time to process high heat. Stocks are light to moderate with some buildup for later sales occurring.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .8950 - .9575 MOSTLY: .9000 - .9125

HIGH HEAT: .9275 - .9700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
September 27	\$.9038	14,439,114	5,552,488
September 20	\$.9029	14,007,008	5,666,684

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices are higher on a firm market. Plants cleared excess stocks during the week prior, encouraging higher market prices. Production is light as milk is diverted away from the butter/powder mix and into cheese vats. Heavier production is not expected for another month. In the interim, buyers are sourcing additional loads from the West at competitive prices. Condensed supplies are in balance with steady movement into some ice cream facilities. Low protein product is being sold at substantial discounts into the feed industry. Some Western Extra Grade buttermilk, aged more than 1 year, is also being offered into feed facilities for the light to fair interest.

F.O.B. CENTRAL: .7900 - .8600

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are little changed. Eastern prices remain nominal. There continues to be few reports of spot market activity. Some brand-specific sales were noted, but often for LTL volumes. Production levels are light and producer stocks are balanced to long. Off grade powder is available and several loads did clear at prices well below the bottom of the current market.

F.O.B. NORTHEAST: .7800 - .8350

DELVDSOUTHEAST: .7800 - .8550

DRY BUTTERMILK - WEST

Dry buttermilk prices are reported as fully steady in an unsettled market. There continues to be offerings from producers and resellers in the region. Older product and off condition powder are available and trading below the range. Demand is improving from seasonal and bakery accounts. Drying of buttermilk remains active in the West as butter churning activity is seasonally strong.

F.O.B. WEST: .7200 - .7800 MOSTLY: .7300 - .7500

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged and the prices remain nominal. Production levels are steady and generally geared to meeting contract shipping schedules. Spot demand is limited. Contracts continue to represent most of the sales. Plant stocks range from light to balanced. Some imported whole milk powder is reportedly being offered in the market at competitive prices.

F.O.B. PRODUCING PLANT: 1.0950 - 1.1900

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2001 THROUGH SEPTEMBER 27, 2002
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	-	17,050	MT (37,588,430 LBS)*
CHANGE	-	17,050	MT (37,588,430 LBS)
CHEESE	-	757	MT (1,668,882 LBS)*
CHANGE	-	757	MT (1,668,882 LBS)

Allocations for the DEIP year beginning July 1, as announced September 13: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT. However, for "stage one" of this year's program, only 17,050 MT of NDM, 5,274 MT of butterfat, and 757 MT of cheese are available. * Stage one allocations are filled.

WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Prices are higher on a firm market. Although supplies are limited, buyers are less accepting of higher prices, especially into export markets. Demand is notably less aggressive than in weeks past. Reseller premiums are lower at 1-1.5 versus 2 cents over the average last week. Production is steady to higher as more milk is diverted away from the butter/powder mix and into cheese. Interest in whey substitutes, such as permeate and lactose, is increasing as whey prices move higher. Condensed whey is available at some locations for the fair interest.

F.O.B. CENTRAL: .2250 - .2400 MOSTLY: .2250 - .2350

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices continue their upward trend and the market tone remains firm. Eastern prices are nominal as few spot sales are reported at the producer level. Although prices continue to increase and offerings are light, some contacts are starting to see a little of "the edge" come off this market. Buyers who wouldn't balk at purchasing desired brands at a premium during the last week or two seem to be more price sensitive this week. This may be just a temporary thing while users work off some inventories. Resale activity is not quite as brisk as it has been and premiums are back to 1-1.5 cent area. On the firm side of the market, producers are still running behind on delivery schedules and there is little uncommitted product to be found in producer warehouses. Traders are clearing some of their inventories, but others are holding theirs for anticipated fall needs. Cheese and dry whey output is steady at light to moderate levels because of the tight supply of surplus milk.

F.O.B. NORTHEAST: EXTRA GRADE .2275 - .2350
USPH GRADE A .2200 - .2400
DELVD SOUTHEAST: .2475 - .2750

DRY WHEY - WEST

Prices continue to firm for Western whey powder. Buyers continue to state that they are not able to get loads of whey in as timely a fashion as they did in early September. Most state that with enough lead time they are able to cover orders. Production levels are generally at or near expected volumes. It is too early to tell what the West Coast shipping strike will have on supplies and prices, but many contacts are preparing for the worst. Containers are not arriving at shipping locations and export shipments have come to a general halt. So far firms are taking a wait and see attitude. If the strike continues into next week, things will get a lot more serious. With the spot market as tight as it is, little impact is expected this week.

NONHYGROSCOPIC: .1600 - .2275 MOSTLY: .1750 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged to higher. Milk replacer and roller ground prices continue to trend higher coordinately with the Extra Grade whey market. Supplies are limited, encouraging buyers to seek alternative products such as permeate or lactose. Receipts of drought relief CCC NDM are decreasing whey interest at some feed facilities. Delactose production is mostly steady. Interest is seasonally increasing into food and feed facilities. Negotiations for 2003 contracts are commencing with producers attempting to derive alternative pricing mechanisms to the currently reported delactose market. Early weaned pigs are trading higher while veal prices are generally lower. The U.S. inventory of all hogs and pigs on September 1, 2002, was 60.2 million head, 1% above September 1, 2001, and slightly above June 1, 2002. Breeding inventory, at 6.05 million head, was down 2% from September 1, 2001, and 2% lower than last quarter.

F.O.B. CENTRAL: .1950 - .2100
MILK REPLACER: .2150 - .2400
ROLLER GROUND: .3100 - .3375
DELACTION (Min. 20% protein):

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher on a steady to firm market. While some plants are tight on supplies, trading is generally light. Inquiries are heavy, especially from the feed industry. WPC 80% remains a competitive substitute to WPC 34% into some feed facilities. Off grade buttermilk is also displacing some feed protein demand. Stocks of WPC 34% are not available to the export market, encouraging export buyers to seek alternative supplies from the EU and Oceania region. Some current resale product is being traded to end users at prices slightly above the average. Producers are attempting to gain 2003 contracts from some buyers. Condensed WPC demand is good and often short of buyer interest. Off grade supplies of WPC 34% and 80% are available at prices that vary with the quality.

F.O.B. EXTRA GRADE 34% PROTEIN: .4400 - .4800 MOSTLY: .4550 - .4600

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a steady to firm market. More contracts are finalized at generally steady prices. However, some firms continue to negotiate fourth quarter contracts at steady to higher prices. Spot trade is generally slow with higher meshed product clearing the best. Some export buyers are concerned over the dock strike on the West coast as considerable tonnage is being delayed from shipment. Production is mostly steady as some plants reduce output in response to equipment problems while others increase output in light of greater high protein WPC production. Inventories are mixed. Some plants are sold out while others have stocks to offer. Feed grade supplies are less available than the week prior at prices near the bottom of the range. Interest in Extra Grade and off grade lactose is increasing in response to higher whey prices, especially as permeate supplies tighten.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1450 - .2250 MOSTLY: .1500 - .1700

CASEIN - NATIONAL

Casein markets are unsettled, although prices remain unchanged. Some domestic handlers are reporting that supplies or at least stocks for near term needs are tightening. Reports indicate that European supplies are not as readily available as previously felt and the supply situation/potential from the Oceania region might not be as positive as anticipated. The Commodity Credit Corporation (CCC) issued a fourth invitation for competitive offers to purchase CCC owned nonfat dry milk for the production of casein/caseinate. Offers are due by 11 A.M. October 15 with public results released at 4 P.M. October 16. Also within this invitation, is the announcement that a field test opportunity is open to new companies interested in generating casein/caseinate from CCC owned powder. Details on this opportunity can be found at <http://www.fsa.usda.gov/daco/notices.htm> under Notice D&DOD-105.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 1.8500 - 2.1000
ACID: 1.6500 - 1.9500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are little changed as milk supplies are still tight. Producer stocks are fully adequate to meet current and fall needs. Retail sales are about steady, but with tropical storms and hurricanes hitting the Gulf Coast states each of the past two weeks, some improved sales of canned goods is expected.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$18.00 - 30.00
Excluding promotional and other sales allowances. Included new price announcements.

MONTHLY SUMMARY AND AVERAGES FOR SEPTEMBER 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	REPORT NUMBER 40	2002	2001
	SEP 02 - 06	SEP 09 - 13	SEP 16 - 20	SEP 23 - 27	SEP 30 - 30	Average or Total	Average or Total
CHEESE							
MIDWEST COMMODITY CHEDDAR							
-- Cheddar Barrels	1.1150 - 1.1325	1.0900 - 1.1150	1.0725 - 1.1600	1.1300 - 1.1400	1.1375 - 1.1800	1.1211	1.6796
-- Cheddar 40# Blocks	1.1325 - 1.1925	1.1150 - 1.1475	1.1275 - 1.2300	1.2600 - 1.2950	1.2900 - 1.3350	1.1950	1.7390
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	1.3000 - 1.5300	1.2800 - 1.5300	1.2575 - 1.5300	1.3050 - 1.5300	1.3150 - 1.5500	1.4087	1.9994
-- Brick And/Or Muenster 5#	1.5100 - 1.7175	1.5100 - 1.7025	1.5100 - 1.6850	1.5100 - 1.7925	1.6100 - 1.8500	1.6230	2.1919
-- Cheddar 40# Block	1.4300 - 2.1150	1.4300 - 2.1150	1.4300 - 2.1150	1.4300 - 2.1150	1.5300 - 2.1150	1.7750	2.0906
-- Monterey Jack 10#	1.6900 - 2.1150	1.6900 - 2.1150	1.6900 - 2.1150	1.6900 - 2.1150	1.7900 - 2.1150	1.9050	2.2442
-- Blue 5#	1.9100 - 2.1900	1.8950 - 2.1900	1.8775 - 2.1900	1.9850 - 2.1900	2.0425 - 2.2900	2.0593	2.5919
-- Mozzarella 5 - 6#	1.4625 - 2.2150	1.4475 - 2.2150	1.4300 - 2.2150	1.4700 - 2.2150	1.5700 - 2.2150	1.8364	2.1564
-- Grade A Swiss Cuts 6 - 9#	1.8000 - 2.6850	1.8000 - 2.6850	1.8000 - 2.6850	1.8000 - 2.6850	1.8000 - 2.6850	2.2425	2.5725
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 10# Prints	1.2200 - 1.7150	1.2050 - 1.7000	1.1875 - 1.6825	1.2950 - 1.7900	1.3525 - 1.8475	1.4810	2.0059
-- Cheddar Single Daisies	1.1775 - 1.6375	1.1625 - 1.6225	1.1450 - 1.6050	1.2525 - 1.7125	1.3100 - 1.7700	1.4210	1.9584
-- Cheddar 40# Block	1.2950 - 1.5175	1.2825 - 1.5025	1.2625 - 1.4950	1.3700 - 1.6025	1.4275 - 1.6600	1.4228	1.9572
-- Process 5# Loaf	1.3375 - 1.5150	1.3150 - 1.4925	1.2875 - 1.4700	1.3350 - 1.5200	1.3350 - 1.5200	1.4091	1.9707
-- Process 5# Sliced	1.3575 - 1.6250	1.3350 - 1.6025	1.3075 - 1.5800	1.3550 - 1.6300	1.3550 - 1.6300	1.4741	2.0394
-- Muenster	1.3825 - 1.5875	1.3675 - 1.5725	1.3500 - 1.5550	1.4575 - 1.6625	1.5150 - 1.7200	1.4985	2.0347
-- Grade A Swiss Cuts 10 - 14#	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.3500 - 2.5500	2.4500	2.4500
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	1.2725 - 1.5325	1.2500 - 1.5100	1.2275 - 1.4875	1.2775 - 1.5375	1.2775 - 1.5375	1.3871	1.9600
-- Cheddar 40# Block	1.2800 - 1.4200	1.2650 - 1.4050	1.2475 - 1.3875	1.3550 - 1.4950	1.4125 - 1.5525	1.3635	1.9265
-- Cheddar 10# Cuts	1.4600 - 1.6800	1.4450 - 1.6650	1.4275 - 1.6475	1.5350 - 1.7550	1.5925 - 1.8125	1.5835	2.1353
-- Monterey Jack 10#	1.4700 - 1.6300	1.4550 - 1.6150	1.4375 - 1.5975	1.5450 - 1.7050	1.6025 - 1.7625	1.5635	2.1153
-- Grade A Swiss Cuts 6 - 9#	2.2600 - 2.4100	2.2600 - 2.4100	2.2600 - 2.4100	2.2600 - 2.4100	2.2600 - 2.4100	2.3350	2.4700
FLUID AND DRY PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	1.2893 - 1.3848	1.2674 - 1.3613	1.2600 - 1.3533	1.3320 - 1.4307	1.2566 - 1.3744	1.3338	2.7301
-- Atlanta - dlvd. equiv.	1.2988 - 1.3848	1.2768 - 1.3613	1.2693 - 1.3533	1.3419 - 1.4307	1.2958 - 1.4038	1.3400	2.7862
-- Upper Midwest - f.o.b	1.2511 - 1.3943	1.2298 - 1.3706	1.2133 - 1.3626	1.3123 - 1.4406	1.2762 - 1.4333	1.3234	2.8932
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	0.9750 - 1.0200	0.9750 - 1.0200	0.9750 - 1.0200	0.9750 - 1.0300	0.9750 - 1.0300	0.9990	1.0800
-- Class III	0.8600 - 0.9200	0.8600 - 0.9200	0.8600 - 0.9200	0.8600 - 0.9250	0.8600 - 0.9250	0.8908	1.0400
NATIONAL EVAPORATED MILK (\$ per Case)							
(Case - 48 - 12 fluid oz cans)							
-- Delivered Major U.S. Cities	18.0000 - 30.0000	18.0000 - 30.0000	18.0000 - 30.0000	18.0000 - 30.0000	18.0000 - 30.0000	24.0000	26.5132

MONTHLY SUMMARY AND AVERAGES FOR SEPTEMBER 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/IL)

COMMODITY	::REPORT NUMBER 36 ::----- :: SEP 02 - 06	::REPORT NUMBER 37 ::----- :: SEP 09 - 13	::REPORT NUMBER 38 ::----- :: SEP 16 - 20	::REPORT NUMBER 39 ::----- :: SEP 23 - 27	::REPORT NUMBER 40 ::----- :: SEP 30 - 30	:: 2002 :: Average :: or Total	:: 2001 :: Average :: or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.9300 - 0.9600	:: 0.9000 - 0.9700	:: 0.9300 - 0.9700	:: 0.9300 - 0.9800	:: 0.9325 - 0.9800	:: 0.9468	:: N.A
-- Mostly	:: 0.9400 - 0.9500	:: 0.9400 - 0.9500	:: 0.9450 - 0.9550	:: 0.9500 - 0.9550	:: 0.9525 - 0.9575	:: 0.9486	:: N.A.
-- High Heat	:: 0.9625 - 1.0200	:: 0.9625 - 1.0250	:: 0.9625 - 1.0250	:: 0.9625 - 1.0250	:: 0.9650 - 1.0250	:: 0.9933	:: N.A.
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.8900 - 0.9575	:: 0.8900 - 0.9575	:: 0.8900 - 0.9575	:: 0.8900 - 0.9575	:: 0.8950 - 0.9575	:: 0.9239	:: 0.9705
-- Mostly	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9100	:: 0.9000 - 0.9125	:: 0.9051	:: 0.9413
-- High Heat	:: 0.9250 - 0.9525	:: 0.9250 - 0.9525	:: 0.9250 - 0.9525	:: 0.9250 - 0.9600	:: 0.9275 - 0.9700	:: 0.9402	:: 0.9926
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.1725 - 0.1875	:: 0.1825 - 0.2025	:: 0.2050 - 0.2200	:: 0.2200 - 0.2300	:: 0.2250 - 0.2400	:: 0.2051	:: 0.2926
-- Mostly	:: 0.1775 - 0.1875	:: 0.1925 - 0.1975	:: 0.2050 - 0.2150	:: 0.2200 - 0.2275	:: 0.2250 - 0.2350	:: 0.2052	:: 0.2938
-- West (f.o.b.)	:: 0.1450 - 0.1800	:: 0.1450 - 0.1800	:: 0.1500 - 0.1950	:: 0.1550 - 0.2150	:: 0.1600 - 0.2275	:: 0.1722	:: 0.2750
-- Mostly	:: 0.1500 - 0.1575	:: 0.1525 - 0.1650	:: 0.1575 - 0.1750	:: 0.1650 - 0.1825	:: 0.1750 - 0.1900	:: 0.1646	:: 0.2725
-- Northeast Extra Grade (f.o.b.)	:: 0.1750 - 0.1850	:: 0.1850 - 0.1950	:: 0.1975 - 0.2050	:: 0.2100 - 0.2200	:: 0.2275 - 0.2350	:: 0.1991	:: 0.2975
-- Northeast Usph Grade A(f.o.b.)	:: 0.1875 - 0.1975	:: 0.1925 - 0.2050	:: 0.2000 - 0.2100	:: 0.2100 - 0.2300	:: 0.2200 - 0.2400	:: 0.2059	:: 0.3000
-- Southeast Extra Grade (Delvd)	:: 0.2000 - 0.2225	:: 0.2150 - 0.2325	:: 0.2200 - 0.2500	:: 0.2350 - 0.2650	:: 0.2475 - 0.2750	:: 0.2325	:: 0.3275
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.4100 - 0.4475	:: 0.4100 - 0.4650	:: 0.4300 - 0.4700	:: 0.4350 - 0.4800	:: 0.4400 - 0.4800	:: 0.4450	:: 0.7713
-- Mostly	:: 0.4225 - 0.4475	:: 0.4250 - 0.4550	:: 0.4400 - 0.4600	:: 0.4500 - 0.4600	:: 0.4550 - 0.4600	:: 0.4461	:: 0.7800
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1600 - 0.1675	:: 0.1650 - 0.1775	:: 0.1750 - 0.1900	:: 0.1850 - 0.2100	:: 0.1950 - 0.2100	:: 0.1807	:: 0.2487
-- Roller Ground	:: 0.1625 - 0.1875	:: 0.1725 - 0.1975	:: 0.1850 - 0.2100	:: 0.2000 - 0.2250	:: 0.2150 - 0.2400	:: 0.1951	:: 0.2875
-- Delactose	:: 0.3200 - 0.3575	:: 0.3100 - 0.3400	:: 0.3100 - 0.3350	:: 0.3100 - 0.3375	:: 0.3100 - 0.3375	:: 0.3268	:: 0.4225
BUTTERMILK (Min. 30% protein)							
-- Central (f.o.b.)	:: 0.7500 - 0.7700	:: 0.7500 - 0.7700	:: 0.7500 - 0.8600	:: 0.7500 - 0.8600	:: 0.7900 - 0.8600	:: 0.7858	:: 1.0733
-- West (f.o.b.)	:: 0.7200 - 0.7650	:: 0.7200 - 0.7650	:: 0.7200 - 0.7800	:: 0.7200 - 0.7800	:: 0.7200 - 0.7800	:: 0.7466	:: 1.0386
-- Mostly	:: 0.7300 - 0.7400	:: 0.7300 - 0.7400	:: 0.7300 - 0.7500	:: 0.7300 - 0.7500	:: 0.7300 - 0.7500	:: 0.7378	:: 1.0429
-- Northeast (f.o.b.)	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.7800 - 0.8350	:: 0.8075	:: 1.0525
-- Southeast (Delvd)	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.7800 - 0.8550	:: 0.8175	:: 1.0825
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.1100 - 1.1725	:: 1.0950 - 1.1725	:: 1.0950 - 1.1700	:: 1.0950 - 1.1900	:: 1.0950 - 1.1900	:: 1.1376	:: 1.5049
LACTOSE							
-- Central And West (f.o.b.)	:: 0.1400 - 0.2250	:: 0.1400 - 0.2250	:: 0.1400 - 0.2250	:: 0.1450 - 0.2250	:: 0.1450 - 0.2250	:: 0.1833	:: 0.2250
-- Mostly	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1450 - 0.1700	:: 0.1500 - 0.1700	:: 0.1500 - 0.1700	:: 0.1583	:: 0.2075
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 1.9500 - 2.1000	:: 1.8500 - 2.1000	:: 1.8500 - 2.1000	:: 1.8500 - 2.1000	:: 1.8500 - 2.1000	:: 1.9850	:: 2.6150
-- Nonrestricted - Acid	:: 1.7500 - 1.9500	:: 1.6500 - 1.9500	:: 1.6500 - 1.9500	:: 1.6500 - 1.9500	:: 1.6500 - 1.9500	:: 1.8100	:: 2.6000

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CHICAGO MERCANTILE EXCHANGE AVERAGES FOR SEPTEMBER 2002

COMMODITY	::REPORT NUMBER 36::		REPORT NUMBER 37::		REPORT NUMBER 38::		REPORT NUMBER 39::		REPORT NUMBER 40::		2002 *	2001 *
	::		::		::		::		::		Monthly	Monthly
	:: SEP 3 - 6		:: SEP 9 - 13		:: SEP 16 - 20		:: SEP 23 - 27		:: SEP 30		Average	Average
BUTTER*												
-- GRADE AA												
--Monday	::	#	::	0.9300	::	0.9800	::	0.9800	::	0.9800	::	:
--Tuesday	::		::		::		::		::		::	:
--Wednesday	::	0.9525	::	0.9300	::	0.9900	::	0.9825	::		::	:
--Thursday	::		::		::		::		::		::	:
--Friday	::	0.9250	::	0.9400	::	0.9900	::	0.9825	::		::	0.9635 : 2.0563
--Weekly Average**	::	0.9388	::	0.9333	::	0.9867	::	0.9817	::		::	:
CHEESE*												
-- BARRELS												
--Monday	::	#	::	1.0800	::	1.1000	::	1.1200	::	1.1575	::	:
--Tuesday	::	1.1050	::	1.0800	::	1.1500	::	1.1225	::		::	:
--Wednesday	::	1.1050	::	1.0800	::	1.1200	::	1.1300	::		::	:
--Thursday	::	1.1050	::	1.0700	::	1.1200	::	1.1300	::		::	:
--Friday	::	1.0800	::	1.0725	::	1.1400	::	1.1325	::		::	1.1100 : 1.6707
--Weekly Average**	::	1.0988	::	1.0765	::	1.1260	::	1.1270	::		::	:
-- 40# BLOCKS												
--Monday	::	#	::	1.1200	::	1.1800	::	1.2800	::	1.3000	::	:
--Tuesday	::	1.1575	::	1.1200	::	1.2250	::	1.2825	::		::	:
--Wednesday	::	1.1450	::	1.1250	::	1.2225	::	1.2925	::		::	:
--Thursday	::	1.1350	::	1.1225	::	1.2600	::	1.2950	::		::	:
--Friday	::	1.1300	::	1.1300	::	1.2650	::	1.2950	::		::	1.2041 : 1.7174
--Weekly Average**	::	1.1419	::	1.1235	::	1.2305	::	1.2890	::		::	:
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday	::	#	::	0.9050	::	0.9050	::	0.9050	::	0.9050	::	:
--Tuesday	::	0.9050	::	0.9050	::	0.9050	::	0.9050	::		::	:
--Wednesday	::	0.9050	::	0.9050	::	0.9050	::	0.9050	::		::	:
--Thursday	::	0.9050	::	0.9050	::	0.9050	::	0.9050	::		::	:
--Friday	::	0.9050	::	0.9050	::	0.9050	::	0.9050	::		::	0.9050 : 0.9900
--Weekly Average**	::	0.9050	::	0.9050	::	0.9050	::	0.9050	::		::	:
-- GRADE A												
--Monday	::	#	::	0.9200	::	0.9200	::	0.9200	::	0.9200	::	:
--Tuesday	::	0.9200	::	0.9200	::	0.9200	::	0.9200	::		::	:
--Wednesday	::	0.9200	::	0.9200	::	0.9200	::	0.9200	::		::	:
--Thursday	::	0.9200	::	0.9200	::	0.9200	::	0.9200	::		::	:
--Friday	::	0.9200	::	0.9200	::	0.9200	::	0.9200	::		::	0.9200 : 1.0000
--Weekly Average**	::	0.9200	::	0.9200	::	0.9200	::	0.9200	::		::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

Labor Day, CME was closed.

SEPTEMBER 2002 DEIP BID ACCEPTANCES

ACCEPTANCE DATE	DESTINATION	QUANTITY (MT)	DEL. PERIOD	BONUS/MT
NONFAT DRY MILK				
JULY 2002 – AUGUST 2002		N/A		
09/18/02	CARIBBEAN, CENT & S. AM	3,000	OCT-MAR	\$645
09/18/02	ASIA & FSU	2,000	OCT-MAR	\$645
09/19/02	CARIBBEAN, CENT & S. AM	12,050	SEP-FEB	\$590
SEPTEMBER 1 - 30, 2002		17,050		
JULY 2002 – SEPTEMBER 2002		0		
CHEESE				
JULY 2002 - AUGUST 2002		N/A		
09/18/02-M	AFRICA & MIDDLE EAST	44	SEP-JUN	\$500
09/18/02-C	CARIBBEAN, CENT & S. AM	60	SEP-JUN	\$825
09/19/02-MJ	CARIBBEAN, CENT & S. AM	300	SEP-JUN	\$798.33
09/19/02-M	CARIBBEAN, CENT & S. AM	238	SEP-JUN	\$802.52
09/20/02-M	CARIBBEAN, CENT & S. AM	115	SEP-JUN	\$795
SEPTEMBER 1 - 30, 2002		757		
JULY 2002 – SEPTEMBER 2002		0		
C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL				
BUTTERFAT				
JULY 2002 – AUGUST 2002		N/A		
SEPTEMBER 1 – 30, 2002		0		
JULY 2002 – SEPTEMBER 2002		0		
A-ANHYDROUS MILKFAT, B-BUTTER				
TOTAL MT				PROGRAM TO DATE
TOTAL BONUS VALUE				17,807
				\$10,927,924

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211. Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

Allocations for the DEIP year beginning July 1, 2002: Nonfat Dry Milk – 68,201 MT; Cheese – 3,030 MT; Butterfat – 21,097 MT

Allocations are being announced in stages. Stage one is for 17,050 MT of Nonfat Dry Milk, 5,274 MT of Butter and 757 MT of Cheese. Invitations were announced only for Cheese and Nonfat Dry Milk and volumes are already filled.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2002 advanced 1 point to 125. Compared with September 2001, the index was up 1 point (0.8 percent). The index of prices received by farmers for dairy products advanced 1 point during the month of September 2002 to 88. Compared with September 2001, the index was down 43 points (32.8 percent).

Prices received by farmers in September with changes from August were: for All Milk, \$11.50 per hundredweight (cwt.), up \$.20; Fluid Grade Milk, \$11.60 per cwt., up \$.20; and for Manufacturing Grade Milk, \$10.00 per cwt., up \$.20.

SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., SEPTEMBER 2002 WITH COMPARISONS*

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	AUGUST		SEPTEMBER		SEPTEMBER		SEPTEMBER		SEPTEMBER	
	2002 <u>2/</u>	2001 <u>2/</u>	2002 <u>4/</u>	2001 <u>2/</u>	2002	2001	2002 <u>7/</u>	2001 <u>8/</u>	2002	2001
CA	10.40	15.67	10.40	16.07	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		33.50	38.50	90.00	121.00
ID	10.60	15.10	10.70	15.70			32.90	39.00	96.00	118.00
MI	11.50	16.60	11.80	17.20			37.50	41.00	84.00	74.00
MN	11.10	16.40	11.30	17.30			38.00	43.50	69.00	55.00
NM	11.20	16.10	11.50	16.80			37.20	45.20	141.00	124.00
NY	12.20	17.30	12.60	17.90			---	---	99.00	94.00
PA	13.10	17.80	13.20	18.50			36.10	42.00	125.00	109.00
TX	12.40	17.60	12.70	18.20			34.80	40.60	84.00	78.00
WA	11.40	16.70	11.40	17.10			---	---	110.00	118.00
WI	11.00	16.30	11.40	17.10			38.30	41.70	70.00	56.00
U.S.	11.30	16.50	11.50	17.10			35.40	40.80	95.50	99.00

*Please note that the States shown have been revised--New Mexico has been added, Ohio has been dropped. The intent is to show information for the 10 States with the largest volumes of milk production. 1/ Prices are shown at reported butterfat test. 2/ Partially revised. 3/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Beef cows and cull dairy cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND OTHER GENERAL PRICE MEASURES, U.S., SEPTEMBER 2002 WITH COMPARISON

ITEM	SEPTEMBER 2001	AUGUST 2002 <u>1/</u>	SEPTEMBER 2002 <u>2/</u>
PRICES RECEIVED BY FARMERS , dol. per cwt., at reported butterfat test:			
All milk	17.10	11.30	11.50
Fluid grade milk	17.10	11.40	11.60
Manufacturing grade milk	16.00	9.80	10.00
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for all farm products	106	100	99
Prices received by farmers for dairy products	131	87	88
Prices paid by farmers for commodities and services, interest taxes, and wage rates	124	124	125
Prices paid by farmers for production items	120	120	121
Prices paid by farmers for feed	110	117	120
MILK FEED PRICE RATIO: Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>3/</u>	3.75	2.27	2.23

1/ Partially revised. 2/ Preliminary. 3/ For this data series, the price of the commercial prepared feed is based on current U.S. prices received for corn, soybeans, and alfalfa hay and all wheat.

SOURCE: "Agricultural Prices," Pr 1 (9/02), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
JUNE 2002	175.8	1.6	168.0	0.7	162.6	-2.6	169.6	1.7	153.7	-14.0	161.9	0.1
JULY 2002	176.0	1.4	167.6	-0.4	161.0	-4.3	169.8	0.7	154.2	-17.2	162.3	0
AUG 2002	176.0	1.2	167.2	-1.0	159.6	-4.8	169.8	0.2	146.5	-21.0	162.2	-0.1
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Lowfat Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	Dollars											
JUNE	2.768	2.911	NA	2.674	3.084	3.385	3.856	3.949	4.311	3.968	3.752	3.703
JULY	2.747	2.933	NA	2.697	3.095	3.549	3.783	3.928	4.292	4.064	3.883	3.720
AUGUST	2.720	2.890	NA	2.691	2.938	3.616	3.895	3.918	4.345	4.100	3.783	3.841

NA Data not adequate for publication.

^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). ^{8/} Per 1/2 gallon, prepackaged regular.

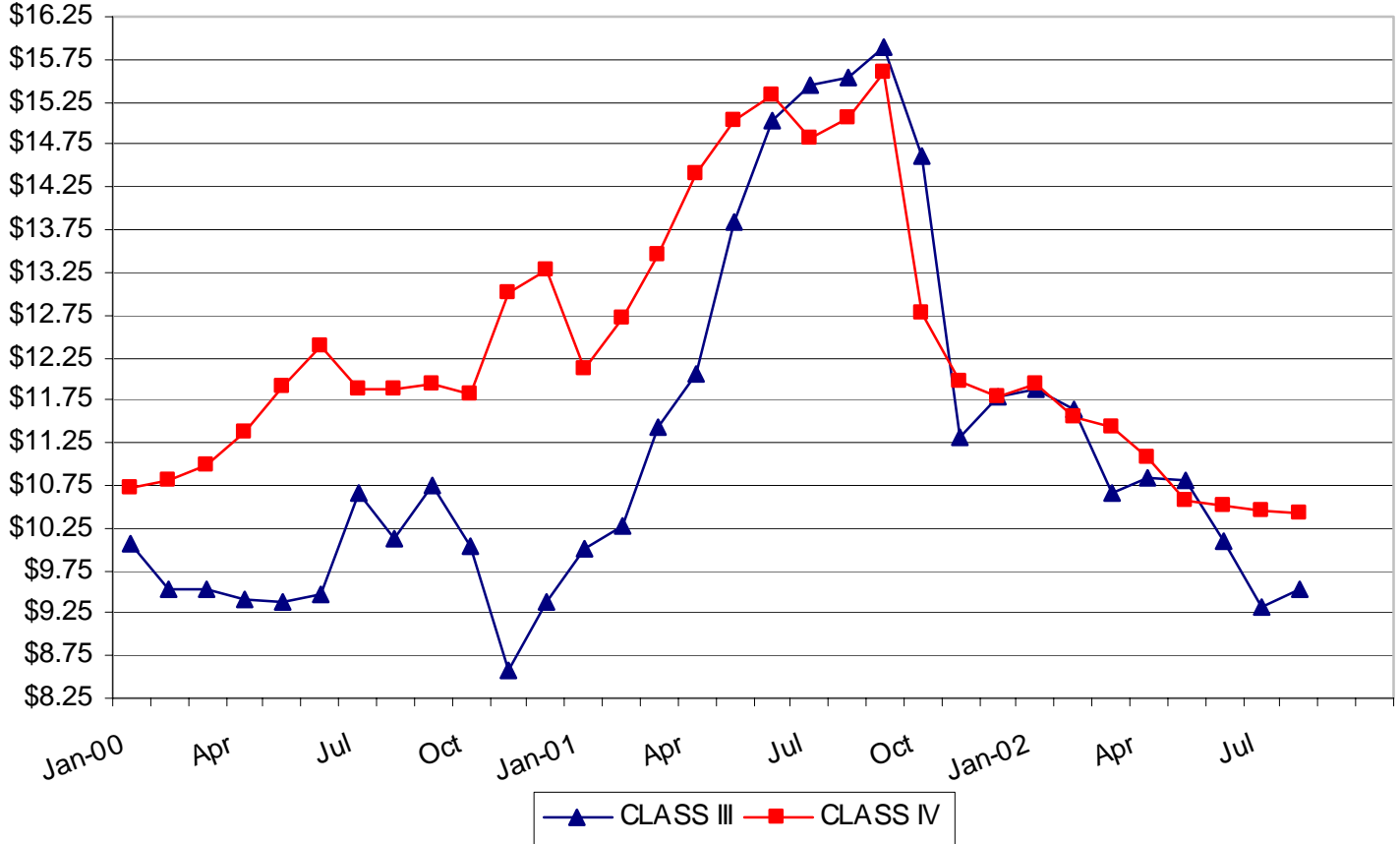
COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—MAY-JULY AND YEAR-TO-DATE 2001-02 ^{1/}

Item	May-Jul. 2001	Percent change ^{2/}	May-Jul. 2002	Percent change ^{2/}	Jan.-Jul. 2001	Percent change ^{2/}	Jan.-Jul. 2002	Percent change ^{2/}
	Million Pounds							
MILK								
Production	42,480	-1.0	43,547	2.5	97,830	-1.6	100,380	2.6
Marketings	42,162	-1.0	43,239	2.6	97,096	-1.6	99,669	2.6
Beginning Commercial Stocks ^{3/}	8,778	-11.6	10,968	24.9	6,839	11.3	7,041	3.0
Imports ^{3/}	1,751	34.8	1,373	-21.6	3,368	29.1	2,956	-12.2
Total Supply ^{4/}	52,691	-2.1	55,580	5.5	107,303	-0.1	109,666	2.2
Ending Commercial Stocks ^{3/}	10,018	-7.6	12,681	26.6	10,018	-7.6	12,681	26.6
Net Removals ^{3/}	35	-85.4	71	102.9	113	-80.8	161	42.5
Commercial Disappearance ^{4/}	42,638	-0.2	42,828	0.4	97,172	1.2	96,824	-0.4
SELECTED PRODUCTS ^{5/}								
Butter	277.5	-1.4	279.2	0.6	666.4	-0.7	677.9	1.7
American Cheese	896.3	-0.3	911.6	1.7	2,094.6	2.7	2,101.3	0.3
Other Cheese	1,235.2	-0.1	1,228.8	-0.5	2,836.4	2.5	2,835.7	0.0
Nonfat Dry Milk	245.9	9.4	166.8	-32.2	522.6	24.3	362.2	-30.7
Fluid Milk Products ^{6/}	13,281.3	-1.0	13,325.6	0.3	31,742.7	-0.2	31,749.8	0.0

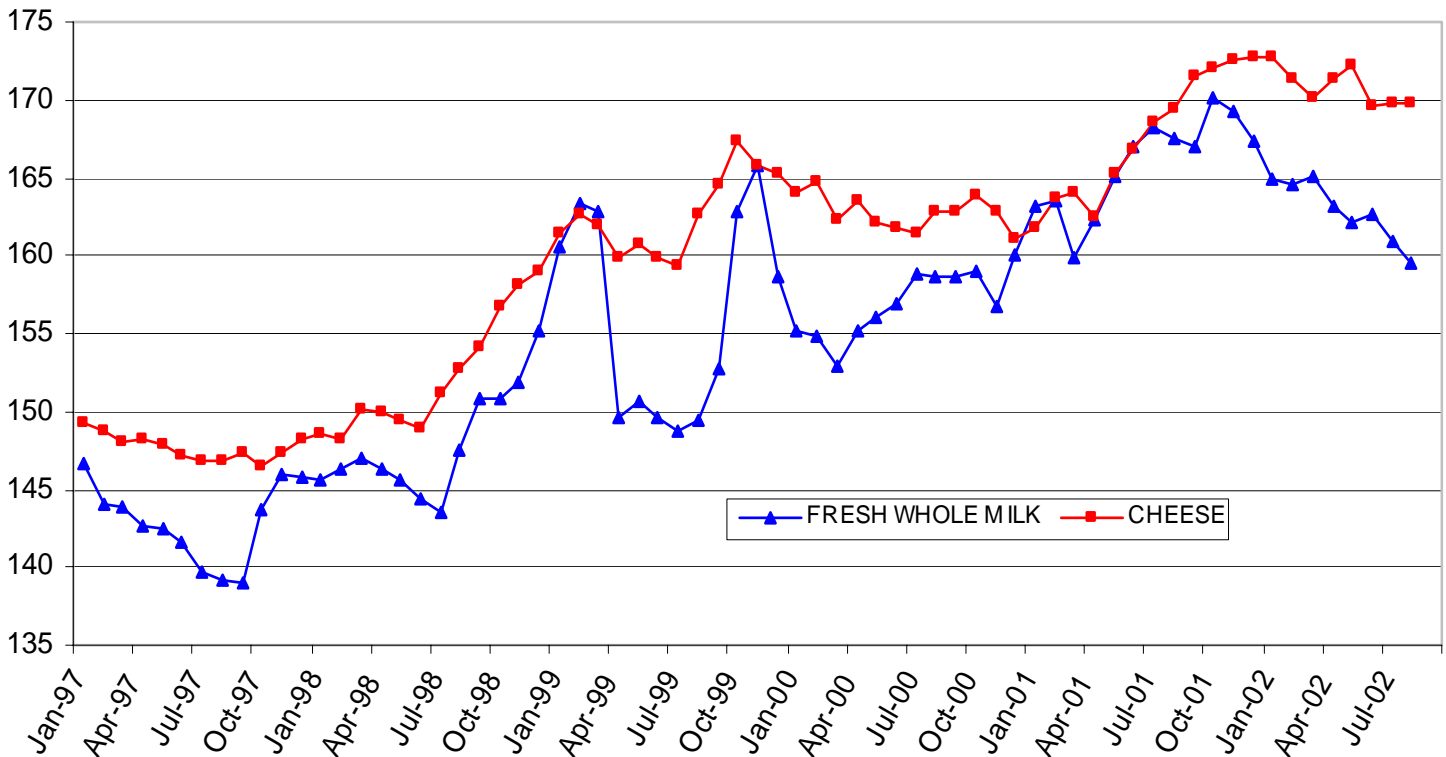
^{1/} Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. ^{2/} From year earlier on a daily average basis. ^{3/} Milk-equivalent, milkfat basis. ^{4/} Totals may not add because of rounding. ^{5/} Commercial disappearance in product pounds.

^{6/} Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

Per Cwt.

2000-2002 CLASS III AND IV MILK PRICES**CONSUMER PRICE INDEX**

1982-1984=100



10/3/2002 - Source: US Dept of Labor, BLS, Graph: DMN

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE PERIOD OF SEPTEMBER 30, 2002			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/01	SAME PERIOD LAST YEAR	WEEK ENDING 09/27/02	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Unsalted	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	2,799,171	3,050,083	-0-	-0-
Barrel	-0-	-0-	-0-	2,219,117	4,025,276	-0-	-0-
Process	-0-	-0-	-0-	2,336,400	3,999,600	-0-	-0-
TOTAL	-0-	-0-	-0-	7,354,688	11,074,959	-0-	-0-
NONFAT DRY MILK							
Nonfortified	1,190,484	-0-	1,190,484	653,158,739	370,751,587	1,137,820,000	600,531,000
Fortified	-0-	-0-	-0-	-0-	28,151,091	46,391,000	38,277,000
TOTAL	1,190,484	-0-	1,190,484	653,158,739	398,902,678	1,184,211,000	638,808,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
PERIOD OF SEPTEMBER 30, 2002 =	0.3	13.9	COMPARABLE PERIOD IN 2001 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 2001 =	211.6	7,675.6	CUMULATIVE SAME PERIOD LAST YEAR =	190.1	4,752.9
CUMULATIVE JANUARY 1 - SEPT. 30, 2002 =	194.6	6,779.7	COMPARABLE CALENDAR YEAR 2001 =	73.5	3,270.3

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE PERIOD OF SEPTEMBER 30, 2002 (POUNDS)

REGION	BUTTER				CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS		NONFORTIFIED	FORTIFIED
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-		-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-		1,190,484	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-		-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01
MIDWEST	-0-	-0-	2,336,400	5,995,440	35,590,570	6,677,037	13.9	29.9
WEST	-0-	-0-	5,018,288	5,039,919	580,447,978	392,225,641	82.2	69.9
EAST	-0-	-0-	-0-	39,600	37,120,191	-0-	3.9	0.2
TOTAL	-0-	-0-	7,354,688	11,074,959	653,158,739	398,902,678	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 09/14/02 & Comparable Week 2001

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK SINCE JAN 1	WEEK SINCE JAN 1		
2002-Dairy	0.2	0.8	6.7	5.0	19.3	2.8	0.5	0.9	13.1	2.5	51.8	1,788.3	47.0	46.1
2001-Dairy	0.2	0.9	5.0	4.9	17.8	2.8	0.5	0.9	12.1	2.4	47.4	1,820.0	45.0	46.2
2002-All cows	0.2	1.0	9.1	12.6	28.8	15.0	15.3	3.4	16.6	8.4	110.3	3,883.1		
2001-All cows	0.2	0.9	6.9	13.7	27.2	15.1	14.8	4.5	15.2	6.9	105.4	3,939.1		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000-2001) AND BFP (1999) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63
2000	10.05	9.54	9.54	9.41	9.37	9.46	10.66	10.13	10.76	10.02	8.57	9.37
2001	9.99	10.27	11.42	12.06	13.83	15.02	15.46	15.55	15.90	14.60	11.31	11.80

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	11.96	11.95	11.62	11.47	11.26	11.03	10.62	10.48	10.46	10.15		
II	12.69	12.28	12.19	11.88	11.29	11.19	11.14	11.07				
III	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54				
IV	11.93	11.54	11.42	11.09	10.57	10.52	10.45	10.41				

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfm0s/mib/cls_prod_cmp_pr.htm